

House Amendment 8523

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1 1 Amend House File 2790 as follows:
1 2 #1. By striking page 1, line 3, through page 3,
1 3 line 19, and inserting the following:
1 4 <Section 1. ASSOCIATION GROUP HEALTH CARE PLAN
1 5 PILOT PROJECT.
1 6 1. The commissioner of insurance shall administer
1 7 a pilot project for the purpose of making health
1 8 insurance coverage available through an innovative and
1 9 less costly association group health care plan offered
1 10 by a bona fide association to employees of members of
1 11 the association.
1 12 2. For the purposes of this section, an
1 13 "association group health care plan" is a group health
1 14 care plan which provides health insurance coverage as
1 15 defined in section 513B.2, or a group health care plan
1 16 offered pursuant to a high deductible health plan
1 17 qualified under section 223(c) of the Internal Revenue
1 18 Code, which allows eligibility for contribution to a
1 19 health savings account on behalf of an employee of a
1 20 member of the association, and which also includes
1 21 wellness initiatives. For the purposes of this
1 22 subsection, "health savings account" means a health
1 23 savings account as defined in section 223(d) of the
1 24 Internal Revenue Code.
1 25 3. An association group health care plan offered
1 26 pursuant to this section shall meet all of the
1 27 following requirements:
1 28 a. The association group health care plan offers
1 29 group health insurance coverage to employees of
1 30 members of a bona fide association and to the spouses
1 31 and dependents of such employees.
1 32 b. The policy of group health insurance coverage
1 33 is issued to a bona fide association. For the
1 34 purposes of this section, a bona fide association is
1 35 an association which meets all of the following
1 36 requirements:
1 37 (1) The association is a trade, industry, or
1 38 professional association which is organized in good
1 39 faith as a nonprofit corporation under chapter 504 for
1 40 purposes other than obtaining insurance and has been
1 41 in existence and actively maintained for at least five
1 42 continuous years at the time the policy is issued.
1 43 (2) The association accepts any person for
1 44 membership in the association who qualifies for
1 45 membership.
1 46 (3) The association does not condition membership
1 47 in the association on the health status of employees
1 48 of its members or the health status of the spouses and
1 49 dependents of such employees.
1 50 (4) Group health insurance coverage offered by the
2 1 association is available to all eligible employees of
2 2 its members, and to the spouses and dependents of such
2 3 employees regardless of the health status of such
2 4 employees, or their spouses and dependents. For the
2 5 purposes of this section, "eligible employee" means an
2 6 employee who works on a full-time basis and has a
2 7 normal work week of thirty or more hours.
2 8 (5) Group health insurance coverage offered by the
2 9 association is available only to persons who are
2 10 eligible employees of an employer that is a member of
2 11 the association, or to the spouses and dependents of
2 12 such employees.
2 13 (6) Notwithstanding chapter 513B, members of the
2 14 association may include small employers as defined in
2 15 section 513B.2, so long as the total number of
2 16 eligible employees of all of the association's members
2 17 is more than fifty.
2 18 c. The insurance premiums are paid by members to
2 19 the association but a member of the association may
2 20 collect part of the premium from its insured
2 21 employees, and the method of apportionment of the
2 22 premium payment between the member and the member's
2 23 employees shall be determined by each member.
2 24 d. Not less than seventy-five percent of the

2 25 eligible employees of each member of the association
2 26 shall be insured under an association group health
2 27 care plan, excluding employees who are enrolled in or
2 28 eligible for Medicare or who receive health insurance
2 29 coverage under another contract or policy. Employees
2 30 who receive or are eligible for the medical assistance
2 31 program under chapter 249A are not excluded from this
2 32 requirement.

2 33 e. An association group health care plan shall not
2 34 exclude from coverage an employee or an employee's
2 35 spouse or dependents on the basis of the eligibility
2 36 of the employee or the employee's spouse or dependents
2 37 for medical assistance under chapter 249A.

2 38 f. Premium rates for an association group health
2 39 care plan shall be determined by the total number of
2 40 lives insured by the plan, not the number of lives
2 41 insured of each member of the association. However,
2 42 the commissioner of insurance may determine premium
2 43 rates by a different methodology as the commissioner
2 44 deems necessary to effectuate the purposes of the
2 45 pilot project pursuant to rules adopted under chapter
2 46 17A.

2 47 g. A member of an association shall not offer any
2 48 valuable consideration or inducement to any of its
2 49 employees for nonparticipation in the association
2 50 group health care plan offered.

3 1 h. An association group health care plan offered
3 2 pursuant to this section shall be considered
3 3 creditable coverage for purposes of chapter 513B and
3 4 qualifying previous coverage for purposes of chapter
3 5 513C.

3 6 i. An association group health care plan offered
3 7 pursuant to this section shall include wellness
3 8 initiatives. The commissioner shall adopt, by rule or
3 9 order, provisions allowing suspension or modification
3 10 of premium rate restrictions to enable an association
3 11 group health care plan to receive premium credits or
3 12 discounts based on measurable reductions in costs of
3 13 the association group health care plan, including but
3 14 not limited to tobacco use cessation, participation in
3 15 established wellness or disease management programs,
3 16 and reduced administrative or distribution costs.

3 17 j. An association group health care plan shall not
3 18 be offered pursuant to this section unless approved by
3 19 the commissioner of insurance.

3 20 k. Health insurance coverage offered by an
3 21 association group health care plan pursuant to this
3 22 section may be canceled, nonrenewed, or otherwise
3 23 terminated at the end of the policy term upon notice
3 24 of sixty days to the association.

3 25 l. An association group health care plan offered
3 26 pursuant to this section shall include at a minimum a
3 27 basic health benefit plan as defined in section 513B.2
3 28 and a high deductible health plan qualified under
3 29 section 223(d) of the Internal Revenue Code.

3 30 4. The commissioner shall select at least three
3 31 and not more than five bona fide associations to
3 32 participate in the pilot project pursuant to this
3 33 section. The number of enrollees in association group
3 34 health care plans offered pursuant to this section
3 35 shall not exceed ten percent of the number of all
3 36 enrollees in health insurance coverage issued pursuant
3 37 to chapter 513B.

3 38 5. The commissioner shall adopt rules pursuant to
3 39 chapter 17A necessary to administer this section by
3 40 November 1, 2006. However, the commissioner may
3 41 receive an extension of time for adoption of the rules
3 42 to not later than January 1, 2007, upon approval of
3 43 the administrative rules review committee.

3 44 6. The commissioner shall submit an annual report
3 45 to the general assembly and to the governor no later
3 46 than January 1 of each year the pilot project is
3 47 administered, concerning the status of the pilot
3 48 project, including but not limited to the number of
3 49 employers participating in an association group health
3 50 care plan offered pursuant to this section, the number
4 1 of enrollees, the types of plans offered, premium
4 2 costs, and other pertinent information.

4 3 7. This section is repealed effective July 1,
4 4 2011.

4 5 Sec. 2. ASSOCIATION GROUP HEALTH CARE PLAN

4 6 ACTUARIAL STUDIES == APPROPRIATION.

4 7 1. Upon enactment of this Act, the commissioner of
4 8 insurance shall initiate and conduct actuarial studies
4 9 to evaluate all of the following:

4 10 a. The effect of authorizing association group
4 11 health care plans which are not subject to chapter
4 12 513B and which include both large employers with more
4 13 than fifty eligible employees and small employers, as
4 14 defined in section 513B.2, with two to fifty
4 15 employees. The study shall include an analysis of the
4 16 potential impact of removing employees of small
4 17 employers who participate in such an association group
4 18 health care plan from the group of enrollees who
4 19 receive health insurance coverage under chapter 513B,
4 20 the potential impact of such plans on the uninsured in
4 21 Iowa, and the corresponding relationship of such plans
4 22 to any existing or proposed plans to provide
4 23 assistance with premiums.

4 24 b. The effect of increasing the allowable variance
4 25 from the index rate in premium rates charged to small
4 26 employers with similar case characteristics permitted
4 27 by section 513B.4, subsection 1, paragraph "b", from
4 28 twenty-five percent to thirty percent of the index
4 29 rate.

4 30 c. The effect of making group health insurance
4 31 coverage for employees of small employers, as defined
4 32 in section 513B.2 which have two to five employees,
4 33 subject to the requirements of the Iowa comprehensive
4 34 health insurance association established by chapter
4 35 514E.

4 36 2. The commissioner shall submit a report of the
4 37 results of the studies to the general assembly and to
4 38 the governor no later than September 1, 2006.

4 39 3. There is appropriated from the general fund of
4 40 the state to the insurance division of the department
4 41 of commerce the amount of sixty-five thousand dollars,
4 42 or so much thereof as is necessary, for the purpose of
4 43 conducting the actuarial studies.>

4 44 #2. Page 5, by inserting after line 31, the
4 45 following:

4 46 <Sec. _____. Section 513B.4, subsection 1, paragraph
4 47 c, subparagraph (2), Code 2005, is amended to read as
4 48 follows:

4 49 (2) An adjustment, not to exceed an increase of
4 50 more than fifteen percent annually and adjusted pro
5 1 rata for rating periods of less than one year, due to
5 2 the claim experience, health status, or duration of
5 3 coverage of the employees or dependents of the small
5 4 employer as determined from the small employer
5 5 carrier's rate manual for the class of business.>

5 6 #3. Page 5, line 35, by striking the word
5 7 <subsections> and inserting the following:
5 8 <subsection>.

5 9 #4. Page 6, by striking lines 7 through 12.

5 10 #5. Page 7, by inserting after line 23, the
5 11 following:

5 12 <() Independent contractors and their spouses and
5 13 dependents included in an employer-sponsored health
5 14 benefit plan do not in total equal more than forty=
5 15 nine percent of the total persons covered by the
5 16 health benefit plan.>

5 17 #6. By striking page 8, line 33, through page 11,
5 18 line 33.

5 19 #7. Page 11, line 35, by striking the words <,
5 20 APPLICABILITY, AND RETROACTIVITY DATES> and inserting
5 21 the following: <DATE>.

5 22 #8. Page 12, by striking lines 3 through 5.

5 23 #9. Title page, by striking lines 1 through 5 and
5 24 inserting the following: <An Act providing for
5 25 association group health care plans, including an
5 26 association group health care plan pilot project and
5 27 association group health care plan actuarial studies,
5 28 wellness initiatives, health benefit coverage for
5 29 independent contractors, providing an appropriation,
5 30 and providing for an effective date.>

5 31 #10. By renumbering as necessary.

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5 39 HOFFMAN of Crawford
5 40 HF 2790.502 81
5 41 av/je/1617